

## Skilled Manufacturing Labor Recruiting



**Todd D. Palmer** – Owner & President

Diversified is different from most "headhunters." Other firms start with a job description and then attempt to fill it. In our experience, that approach just doesn't work. Instead, we focus on the candidate first. We have a pool of talented individuals, with the skill sets of CNC programmers, CNC machinists, welder-fitter-fabricators and other highly skilled industrial workers. After we verify their skills and work history, we market them to employers. With readily available workers on hand, we can fill any open vacancy more quickly and more accurately than anyone else.

**Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

**CEOCFO: Mr. Palmer, what is the concept at Diversified Industrial Staffing?**

**Mr. Palmer:** Our linear concept is pretty simple. We are a niche focused, skilled labor recruiting company. We place blue collar and grey collar talent throughout the US, specifically areas in the manufacturing sector from CFOs, CEOs, COOs and manufacturing all the way to the shop floor talent. Our niche is basically anybody who manufactures something blue collar or grey collar using their hands.

**CEOCFO: Is it is hard to find good people as everyone thinks?**

**Mr. Palmer:** We're niche focused, so this is all we do-- place skilled labor talent. From our standpoint, to find employees in the skilled labor sector is incredibly difficult, due to the increased demand and diminished supply of the talent in our space. We are at the very height of the bell curve, where the demand is far and

away exceeding the supply, and we do not see that changing in the near future as the workforce continues to age and there is not a next generation of people coming through. Our average worker is 50+ years old, they are on the downside of their career trajectory. One of our big initiatives for 2014-2015 is we are actually looking in establishing and opening our own training school because we see the lack of talent.

**CEOCFO: You are thinking ahead?**

**Mr. Palmer:** We are trying to, but we really feel in some respects that we are a little bit behind the curve, because we've known this problem has existed for a while and we've been waiting for state and federal government agencies to fix the problem. They are working on it to some degree. At least here in Michigan, the challenge is that manufacturing is not just one all catchphrase. There is big, medium and small manufacturing. The demands of the talent are different at each level. The person who could work at a big three automotive plant doing what they call mechatronics, is very different than the employee who is a CNC machinist. There are at least three levels of CNC machining, each requiring additional skills from the previous level.

We think that, while the government is recognizing that we have to produce a GDP to be a competitor on global landscape, they're not as informed on the different skill set layers required within manufacturing, and are trying to take a broad brush stroke to fix the skill set problem. We think it's a very substantial problem and that there is a huge opportunity for entrepreneurs to attack this problem on many different levels.

In fairness to certain aspects of government, if big business is not going to fund it, it is not going to get fixed. This is why we would like to get our own training school established. We think there is a huge opportunity in the secondary and third levels of the manufacturing skill set hierarchy, where we can create a cost effective training program that is going to fix part of the educational problem.

The pyramid for education is very narrow at the top and wide at the bottom. It's an outdated thought process that every kid should come out of high school thinking they are going to go to a four year university and that they are prepared and qualified to go to one because frankly, they're not. There is a huge population data base of 18-26 year old men and women who are not going to college, who do not want to go and cannot afford to go but they are not necessarily going to

make a career in restaurant retail. What else are they going to do? We believe we can get them prepped, trained and ready to go and contribute to a manufacturing company, in as little as a 16-24 week training program or a up to a 3 year apprentice program, where they are going to make anywhere from \$35,000 to start and up to \$75,000 to \$100,000 at the high end, with very little to no debt and be able to take care a of a family of 4. There's going to be a demand for their skill set and they will not have to put 4 years at a university, saving them thousands of dollars in college debt.

**CEOCFO: What about your candidate centric staffing approach?**

**Mr. Palmer:** Our candidate centric staffing approach is based upon the fact that with our business model, we work first and foremost for that candidate. 95% of the people we work with are currently employed. We are like Hollywood agents or sports agents and we take these skilled labor sector people, a CNC machinist for example, and we're going to market him or her to as many companies as we have to, to potentially get him or her several job interviews. We want to get them anywhere from 2-5 offers, so that we can get them the best opportunity for themselves and their family. Many staffing companies traditionally just want to send someone to give them a try and see if it works out (i.e. temporary help), our candidate has a fulltime job, we have to represent them first and foremost, because in our world, the person that kills the deal so to speak is not the candidate and it's not the client, it's the spouse. We have to take a holistic approach of how we get this family a better job opportunity, as compared to just getting someone another job. We have to create a new approach with these candidates because there's huge demand and diminished supply of their skill sets, so we have to take care of the candidate, while trying to satisfy the client needs. A client is going to have a bunch of needs but if we do not have any candidates, we will be unsuccessful.

**“We understand the manufacturing industry, we know what it costs a manufacturer have an empty machine. As soon as we locate a person for that empty machine, that machine is going to start making that manufacturer money, we understand how much money you make on that machine.” - Todd D. Palmer**

**CEOCFO: Is relocation typically the issue?**

**Mr. Palmer:** If we have a great candidate and the client is willing to pay for his relocation, that is not the biggest issue. We have people moved around the country, we had people brought back to areas they want to live in and that they grew up in or lived in previously.

The biggest challenge of why the manufacturing company does not get a job opening filled comes down to shift. If you have a second shift job, those are the hardest job to fill. The second shift is very difficult because it impacts a family lifestyle. If the average machinist is around 50 years old, they will typically have a family, kids in school, and those kids have activities they are involved with. The machinist does not want to miss watching their kids grow up. Because the machinist is in demand, they can leave a second shift job and get a first shift job. Companies that are trying to develop the second shift are running into real barriers, they are getting weaker talent, that is not as good as the first shift talent they have and they're frustrated with that. We have often said if you can set up a strong first and third shift, your second shift will probably be your weakest because people do not want to work those shifts. That is the biggest thing we have seen.

**CEOCFO: What is your geographic range?**

**Mr. Palmer:** We cover the entire US. We have clients in the heavy manufacturing areas of the country: Detroit, Chicago, Houston and etc.

**CEOCFO: What is the competitively landscape?**

**Mr. Palmer:** I do not think there are many companies in the US that are solely skilled labor focused like we are. We even hired a research company and they could not find anyone of our size, who specializes solely on placing skilled labor talent. We have been successful in the model. We have been on the INC 5000 list six times as one of the fastest growing companies in the US. We have been growing and trying to become a market leader in our niche area.

We find that there are national competitors or staffing generalists will have a division that will work in our space. Their office will take the client order on, but we what find is that because they are not specialists in the manufacturing placements, they struggle in executing against the client demand.

We had a client in Chicago call us to give us rave reviews and shared why they loved working with us so much. Usually a client calls to complain, you do not get calls to tell you how great you are. I was very curious and I asked the gentleman why he liked working with us so much--we are not in his geographic area and we're not going to just stop by and drop you off a candy dish. He laughed and said, "It's just because you understand what we do. I do not have to spend my time educating you on the type of people we need". I said that's a good compliment, we do take pride in what we do. He continues, "Let me tell you a story." He said they are looking for a grinder. A grinder is basically someone in a machine shop takes a rough edge and makes it smooth in a manufacturing process. There's varying degrees difficulty to that and

there are different types of grinders. He said he called his local national company before us and said he needed a grinder and they sent him three resumes. None of them were qualified. I asked why and he said they sent him meat grinders and he does not have time in the day to teach somebody what a grinder does. He said when he called us saying he needed a grinder, we sent him three grinders, they are exactly what he wanted and he just has to pick one of the three. He said we just focus this one area, skilled labor manufacturing placements, and that makes it so much easier to work with.

**CEOCFO: Are you known throughout the industry or are there still manufacturers that are unaware of what you provide?**

**Mr. Palmer:** I think there are. It is difficult to get your name out. We would love to be a Name brand firm, but there are companies that are still surprised that we exist. They will find us on the internet, or we will call them or send them a candidate to take a look at and they are like "Oh wow! We had no idea someone like you existed," so there's always that struggle. The PR we engage in certainly helps. I write a column in metro Detroit for a prominent business publication, DBusiness, that talks about employment issues. I am also a contributor to a national publication in the manufacturing space, Production Machining magazine.

Manufacturers are sometimes reluctant to use us or another recruiting company because they do not understand the cost structure. They think that we are too expensive, or that they can find employees on their own. They think that they can hang out a Help Wanted sign and someone will drive by and be a perfect fit for their job opening. If you are a manufacturer, we understand what you do, the pains you have and the talent that you need.

The BLS data shows that there are less people doing skilled labor work right now and many companies are taking good care of their people. To recruit and find somebody in the manufacturing skilled labor niche is very costly and time consuming. It is no different from trying to fill a nursing or IT position. They all have a diminished supply and increased demand. It is just trying to educate the consumer on that. We do not do a great of selling, just informing. We understand the manufacturing industry, we know what it costs a manufacturer have an empty machine. As soon as we locate a person for that empty machine, that machine is going to start making that manufacturer money; we understand how much money you make on that machine. We know we are not for everybody but want to be readily available for you.

It's very satisfying for our recruiting team to watch our CRM system, and see a company two years ago that said they would never "in a million years" use a recruiter and now they are one of our best customers because they are in so much pain due to the lack of qualified machinists. The client is like the person that said they were never going to the dentist and now they have an abscessed tooth and now they have to go to the dentist.

**CEOCFO: What is the effect of being based in Detroit, both from your customer's perspective and from yours?**

**Mr. Palmer:** If anything, we use being in Detroit as a real conversation starter and an opportunity to express that being in Detroit is a good place to be, it's still a small close knit community that you can fit in very easily, so there are many blue collar folks here. For a while, people would almost send us condolences for being located in Metro Detroit. People had a huge, negative, perception of Detroit. We have spent a great deal of time working in the city of Detroit, because we do work with people who have left Michigan and we get the opportunity to bring them back home. We were telling them about the resurgence of Detroit. We recently took a candidate and his wife on a tour of Detroit and we were really proud to do it. He was from Kentucky and had no idea that Detroit was such a great place to live. He signed with our client and he started a job two weeks ago.

I watched 60 Minutes piece on Detroit and I see the fly-overs of the burned out areas, corruption and bankruptcy. Anybody who lived in metro Detroit knew the city was in bad shape. It was never a secret. The city is now having a huge rebound. We have a couple of strong entrepreneurs in the community, one being Dan Gilbert of Quicken. Dan has brought over 12,000 jobs to downtown Detroit and they are good paying, high tech jobs. There is an 18 month waiting list for housing in the city of Detroit. Additionally, our governor Rick Snyder has done an excellent job for the small business climate.

They city itself is making a huge resurgence, people also have to realize in 1968 Detroit was the third largest city in the US, so it has a huge real estate area of homes that are no longer owned. They are essentially abandoned. To fix something that was once the third largest population base, it's going to take time.

We will talk to people in Houston, Dallas and people on the west coast, and they will ask what it's like here and we say the city is transitioning, is making a great comeback and there's a huge opportunity for people here. What we often find is people are falling into a stereotypical thought process, that is outdated and inaccurate. It is like saying if you want to be part of a comeback story, come to Detroit.

**CEOCFO: What is next for Diversified Industrial Staffing?**

**Mr. Palmer:** What is next for us is that we have to take this talent shortage problem provide a solution for it.

We think the training school idea is viable and we're going to be spending the majority of 2014 working on setting up our own training program and trying to put that together, trying to come up with most cost effective way to do that for both the

customers and the candidates. We see training schools around the country that cost the students anywhere from \$10,000-16,000 dollars. It is very difficult for an 18-25 to come up with that kind of cash. How do we come up with a better model?

Secondarily, we have great candidates. We want to get as many prospective customers as possible and drive our growth, as well as improve many lives. I read a book by the author Simon Sinek called "Why". Our company's why is really simple, we want to "Improve Lives". That's what drives the decisions. If you come to our office, it is a very atypical recruiting office. We have contests, things hanging from the ceilings, and do many small things to improve the lives of our internal staff. We are all about the culture of improving lives. We do it for our internal staff and our external candidates. We have seen candidates do things that they did not think they could possibly do and there's a huge reward in that. We had a guy who had actually lost his house and was living on the street, so we found him a new job and he could not take the job because he didn't have steel toed work boots. We reached basically in our petty cash, gave him \$60 and he went and bought himself some new boots. We did not ask him for a reimbursement. We just saw it as he needs a job, we have this job, he has the skills sets, has been down on his luck, so how can we help him out. That story has just been part of our legend here at the company. We tell that story to anyone we interview and let them know this is who we are. We may never be a 2 billion dollar company, but we want to be a place for people to come and make a real difference on people's lives. We are doing the right thing.

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**BIO:** Todd Palmer is the founder and President of Diversified Industrial Staffing and Diversified PEOple, LLC and the Employment writer for the DBusiness online edition. In the past 15 years, Todd's companies have helped over 4,000 people secure employment, improving their lives and the lives of their families.

In 2007, 2009, 2010, 2011 & 2012 Todd's company, Diversified Industrial Staffing, was named by INC Magazine to the INC 500|5000, as one fastest growing companies in America.

In 2011 Diversified Industrial Staffing was named a Michigan 50 Company to Watch.

In 2011 CORP! Magazine named Diversified Industrial Staffing as a Best of Michigan Company and named Todd individually as an Entrepreneur of Distinction. In 2008 his company was named by CORP! Magazine as one of Michigan's Economic Bright Spots

In 2008-2009, he was chosen by his peers to be the President of EO Detroit, a group of successful CEO's, who have combined revenues in excess of \$100 Million dollars.

In 2009 Todd published his first book, The Job Search Process, which helps people get new jobs in as little as 7 Days.

His company has been featured in INC Magazine, The Detroit News, CORP! Magazine, Crain's Detroit & MetroMode. Todd has been on the radio with the Business Reality Network and the Dan Mulhern Show, and was featured on Entrepreneur Television in a 30 minute sit-down interview.

Todd is a graduate of Eastern Michigan University with a bachelor's degree in Organizational Communication and minor in Marketing.

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